



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
LESLIE COUNTY
SHERIFF'S SETTLEMENT - 1998 TAXES AND
SHERIFF'S SETTLEMENT - 1998 UNMINED COAL TAXES**

July 5, 2000

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE LESLIE COUNTY 1998 SHERIFF TAX SETTLEMENT AND 1998 UNMINED COAL TAXES

November 9, 2000

We have completed our audit of the Leslie County Sheriff's settlement for the 1998 taxes and the 1998 unmined coal taxes and have issued an unqualified opinion. It appears that the financial transactions of the Leslie County Sheriff's office were properly accounted for taken as a whole.

In addition, we tested for compliance with state laws and regulations. We noted the following issues relating to compliance with state laws and regulations:

- The Sheriff Should Have A Written Agreement To Protect Deposits
- The Sheriff Should Properly Account For Add On Fees
- The Sheriff Should Collect Refunds Due To The Tax Account And Should Distribute Additional Amounts Due To Others

Comments and recommendations relating to former Sheriff Ford Bowling's unresolved deficit issues are included as appendices to Sheriff James F. Davidson's audit report. This information has been included because no other audit reports will be issued for former Sheriff Ford Bowling. By including this information, we bring the unresolved deficit issue to the attention of the fiscal court and public.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
SHERIFF'S SETTLEMENT - 1998 TAXES	3
SHERIFF'S SETTLEMENT - 1998 UNMINED COAL TAXES	5
NOTES TO THE FINANCIAL STATEMENTS.....	7
COMMENTS AND RECOMMENDATIONS	11
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	15
SUPPORTING SCHEDULES:	
APPENDIX A	
FORMER SHERIFF FORD BOWLING - CUMULATIVE DEFICIT STATEMENT	
APPENDIX B	
FORMER SHERIFF FORD BOWLING - SCHEDULE OF UNMINED COAL REFUND AND TAXES OWED	
APPENDIX C	
FORMER SHERIFF FORD BOWLING - CRIMINAL INDICTMENT AND CIVIL ACTION	



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Onzie Sizemore, Leslie County Judge/Executive

Honorable James F. Davidson, Leslie County Sheriff

Members of the Leslie County Fiscal Court

Independent Auditor's Report

We have audited the Leslie County Sheriff's Settlement - 1998 Taxes as of July 5, 2000, and the Sheriff's Settlement - 1998 Unmined Coal Taxes as of August 15, 2000. These tax settlements are the responsibility of the Leslie County Sheriff. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Sheriff prepares his financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the Leslie County Sheriff's taxes charged, credited, and paid as of July 5, 2000, and August 15, 2000, in conformity with the basis of accounting described in the preceding paragraph.

Based on the results of our audit, we have presented comments and recommendations, included herein, which discuss the following areas of noncompliance:

- The Sheriff Should Have A Written Agreement To Protect Deposits
- The Sheriff Should Properly Account For Add On Fees
- The Sheriff Should Collect Refunds Due To The Tax Account And Should Distribute Additional Amounts Due To Others

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Onzie Sizemore, Leslie County Judge/Executive
Honorable James F. Davidson, Leslie County Sheriff
Members of the Leslie County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated November 9, 2000, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statement. Such information has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett".

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
November 9, 2000

LESLIE COUNTY
JAMES F. DAVIDSON, SHERIFF
SHERIFF'S SETTLEMENT - 1998 TAXES

July 5, 2000

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 253,893	\$ 271,638	\$ 561,894	\$ 212,271
Tangible Personal Property	64,113	81,170	160,282	220,302
Intangible Personal Property				25,469
Gas, Oil, and Undeveloped Property	57,749	59,958	127,805	48,282
Fire Protection	5,331			
Franchise Corporation	56,986	68,587	137,857	
Additional Billings	837	859	1,906	733
Increased Through Erroneous Assessments	248	258	550	208
Penalties	7,414	7,762	16,333	6,179
Adjusted to Sheriff's Receipt	(440)	(373)	(747)	(743)
Gross Chargeable to Sheriff	<u>\$ 446,131</u>	<u>\$ 489,859</u>	<u>\$ 1,005,880</u>	<u>\$ 512,701</u>
<u>Credits</u>				
Discounts	\$ 4,322	\$ 4,761	\$ 9,717	\$ 6,559
Exonerations	4,365	4,522	9,594	3,624
Delinquents:				
Real Estate	39,328	40,799	86,267	32,590
Tangible Personal Property	741	938	1,851	1,570
Intangible Personal Property				127
Additional Billings	57	59	126	48
Uncollected Franchise	3	4	8	
Total Credits	<u>\$ 48,816</u>	<u>\$ 51,083</u>	<u>\$ 107,563</u>	<u>\$ 44,518</u>
Net Tax Yield	\$ 397,315	\$ 438,776	\$ 898,317	\$ 468,183
Less: Commissions *	<u>17,173</u>	<u>18,648</u>	<u>35,933</u>	<u>20,185</u>
Net Taxes Due	\$ 380,142	\$ 420,128	\$ 862,384	\$ 447,998
Taxes Paid	375,999	417,053	836,067	433,575
Refunds (Current and Prior Year)	11,473	12,965	28,492	31,465
Late Penalty				32
State Overpayment Refund				15,342
Refunds Due Sheriff		**		
as of Completion of Fieldwork	<u>\$ (7,330)</u>	<u>\$ (9,890)</u>	<u>\$ (2,175)</u>	<u>\$ (1,668)</u>

* and ** See Page 4

LESLIE COUNTY
 JAMES F. DAVIDSON, SHERIFF
 SHERIFF'S SETTLEMENT - 1998 TAXES
 July 5, 2000
 (Continued)

* Commissions:

10% on	\$	10,000
4.25% on	\$	1,294,274
4% on	\$	898,317

** Special Taxing Districts:

Library District	\$	(4,047)
Health District		(1,719)
Extension District		(3,309)
Soil Conservation District		(875)
City of Hyden		<u>60</u>

Due Districts or (Refund Due Sheriff)	\$	<u><u>(9,890)</u></u>
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The accompanying notes are an integral part of the financial statements.

LESLIE COUNTY
JAMES F. DAVIDSON, SHERIFF
SHERIFF'S SETTLEMENT - 1998 UNMINED COAL TAXES

August 15, 2000

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Sheriff's Official Receipt for Unmined Coal	\$ 106,052	\$ 110,109	\$ 234,706	\$ 88,667
Additional Billings	11,484	11,749	26,088	9,991
Penalties	43	44	94	36
Gross Chargeable to Sheriff	<u>\$ 117,579</u>	<u>\$ 121,902</u>	<u>\$ 260,888</u>	<u>\$ 98,694</u>
<u>Credits</u>				
Discounts	\$ 1,920	\$ 1,994	\$ 4,250	\$ 1,606
Delinquents	2,619	2,719	5,796	2,190
Total Credits	<u>\$ 4,539</u>	<u>\$ 4,713</u>	<u>\$ 10,046</u>	<u>\$ 3,796</u>
Net Tax Yield	\$ 113,040	\$ 117,189	\$ 250,842	\$ 94,898
Less: Commissions *	<u>4,804</u>	<u>4,981</u>	<u>10,034</u>	<u>4,033</u>
Net Taxes Due	\$ 108,236	\$ 112,208	\$ 240,808	\$ 90,865
Taxes Paid	108,057	112,039	240,344	90,503
Late Penalty				36
Due Districts		**		
as of Completion of Fieldwork	<u>\$ 179</u>	<u>\$ 169</u>	<u>\$ 464</u>	<u>\$ 398</u>

* and ** See Page 6

LESLIE COUNTY
JAMES F. DAVIDSON, SHERIFF
SHERIFF'S SETTLEMENT - 1998 UNMINED COAL TAXES
August 15, 2000
(Continued)

* Commissions:

10% on	\$	10,000
4.25% on	\$	1,294,274
4% on	\$	898,317

** Special Taxing Districts:

Library District	\$	(4,047)
Health District		(1,719)
Extension District		(3,309)
Soil Conservation District		(875)
City of Hyden		<u>60</u>

Due Districts or (Refund Due Sheriff)	\$	<u><u>(9,890)</u></u>
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The accompanying notes are an integral part of the financial statements.

LESLIE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

July 5, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statements have been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The depository institution has pledged or provided sufficient collateral, and the depository institution's board of directors or loan committee approved the pledge or provision. However, the depository institution did not have a written agreement with the Sheriff securing the Sheriff's interest in the collateral.

LESLIE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
July 5, 2000
(Continued)

Note 3. Property Taxes

The real and personal property tax assessments were levied as of January 1, 1998. Property taxes were billed to finance governmental services for the year ended June 30, 1999. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 27, 1999 through July 5, 2000.

Unmined Coal Taxes

The tangible property tax assessments were levied as of January 1, 1998. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was March 13, 2000 through August 15, 2000.

Note 4. Interest Income

The Leslie County Sheriff earned \$4,049 as interest income on 1998 taxes. The Sheriff owes the school district an additional \$205 and the fee account an additional \$2,458.

Note 5. Unrefundable Duplicate Payments And Unexplained Receipts Should Be Escrowed

Former Sheriff Ford Bowling should deposit any unrefundable duplicate payments and unexplained receipts in an interest-bearing account. According to KRS 393.110, the Sheriff should properly report annually to the Treasury Department any unclaimed moneys. After seven years, if the funds have not been claimed, the funds should be submitted to the Kentucky State Treasurer. For the 1996 unmined coal taxes, former Sheriff Ford Bowling had \$961 in unrefundable duplicate payments and unexplained receipts. Therefore, former Sheriff Ford Bowling should send a written report to the Treasury Department. From the information made available to the auditors, it appears that former Sheriff Ford Bowling has not deposited the \$961 unrefundable duplicate payments and unexplained receipts into an escrow account.

Note 6. Former Sheriff Ford Bowling's Unresolved Deficit

Comments and recommendations relating to former Sheriff Ford Bowling's unresolved deficit issues are included as appendices to Sheriff James F. Davidson's audit report. This information has been included because no other audit reports will be issued for former Sheriff Ford Bowling. By including this information, we bring the unresolved deficit issue to the attention of the fiscal court and the public.

COMMENTS AND RECOMMENDATIONS

LESLIE COUNTY
JAMES F. DAVIDSON, SHERIFF
COMMENTS AND RECOMMENDATIONS

July 5, 2000

STATE LAWS AND REGULATIONS:

1. The Sheriff Should Have A Written Agreement To Protect Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. As of December 8, 1999, the Sheriff had bank deposits of \$1,325,024; FDIC insurance of \$100,000; and collateral pledged or provided of \$1,700,000. Even though the Sheriff obtained sufficient collateral of \$1,700,000, there was no written agreement between the Sheriff and the depository institution, signed by both parties, securing the Sheriff's interest in the collateral. We recommend the Sheriff enter into a written agreement with the depository institution to secure the Sheriff's interest in the collateral pledged or provided by the depository institution. According to federal law, 12 U.S.C.A. § 1823(e), this agreement, in order to be recognized as valid by the FDIC, should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Sheriff Davidson's Response:

This has been corrected. We had sufficient collateral but we didn't have the written agreement.

2. The Sheriff Should Properly Account For Add On Fees

The sheriff failed to properly account for 1998 regular tax add on fees and 1998 unmined coal tax add on fees. We noted the following deficiencies relating to add on fee transactions:

- a) We noted instances where 1998 regular tax add on fees were deposited directly into the fee account rather than the tax account. Additionally, the amounts deposited directly into the fee account were not accurate and did not reconcile with accounting records. Because of these errors, the tax account owes the fee account an additional \$2,739 for 1998 regular tax add on fees.
- b) We found that 1998 gas, oil and undeveloped gas and oil add on fees totaling \$18,275 were distributed to the taxing districts rather than the fee account. Because of this error the tax account owes the fee account \$18,275 for 1998 gas, oil and undeveloped gas and oil add on fees.
- c) We found that no add on fees were distributed to the fee account for 1998 unmined coal tax transactions. Because of this error, the unmined coal tax account owes the fee account \$199.

The sheriff should deposit all add on fees into the tax account on a daily basis. At the end of each month, the sheriff should prepare a report of add on fees collected and reconcile with accounting records. After the add on fees report has been reconciled to accounting records, the sheriff should issue a check to the fee account for appropriate amount of add on fees. We recommend that proper accounting procedures be implemented immediately.

Sheriff Davidson's Response:

This will be corrected. We will implement the auditor's recommendations immediately.

LESLIE COUNTY
 JAMES F. DAVIDSON, SHERIFF
 COMMENTS AND RECOMMENDATIONS
 July 5, 2000
 (Continued)

3. The Sheriff Should Collect Refunds Due To The Tax Account and Should Distribute Additional Amounts Due To Others

Based upon test procedures, our audit reflects the following refunds due the tax account and the following amounts due others for the 1998 regular tax transactions:

Refunds Due To The Tax Account		Amounts To Be Paid To Others	
Kentucky State Treasurer	\$ 1,668	City of Hyden	\$ 60
Leslie County Fiscal Court	7,330	2000 Fee Account:	
Leslie County School	2,175	Regular Tax Add On Fees	2,739
Library	4,047	Gas, Oil and Undeveloped Add on Fees	18,275
Health	1,719	Advertising Fees	77
Extension Service	3,310	Interest	2,458
Soil Conservation	875	School-Interest	205
Fee Account	<u>76</u>	1999 Fee Account - Commissions	<u>5,405</u>
Totals	<u>\$21,200</u>	Totals	<u>\$ 29,219</u>

The refunds due to the sheriff's tax account and the additional amounts to be paid to others are primarily attributed to add on fees that were erroneously distributed to the taxing districts. We recommend that the sheriff collect refunds due the 1998 tax account. Furthermore, we recommend that the sheriff pay the additional amounts due others as soon as the refunds are collected.

Sheriff Davidson's Response:

I will settle as soon as possible.

INTERNAL CONTROL - REPORTABLE CONDITIONS:

None.

INTERNAL CONTROL - MATERIAL WEAKNESSES:

None.

PRIOR YEAR:

1. The Sheriff should require the depository institution to pledge or provide sufficient collateral and enter into a written agreement to protect deposits.
2. We have noted uncorrected prior year issues that relate to former Sheriff Ford Bowling in appendices A, B, and C.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

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Members of the Leslie County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the Leslie County Sheriff's Settlement - 1998 Taxes as of July 5, 2000, and Sheriff's Settlement - 1998 Unmined Coal Taxes as of August 15, 2000, and have issued our report thereon dated November 9, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying comments and recommendations.

- The Sheriff Should Have A Written Agreement To Protect Deposits
- The Sheriff Should Properly Account For Add On Fees
- The Sheriff Should Collect Refunds Due To The Tax Account And Should Distribute Additional Amounts Due To Others

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Leslie County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses

This report is intended for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
November 9, 2000

FORMER SHERIFF FORD BOWLING
CUMMULATAVE DEFCICIT STATEMENT
APPENDIX A

LESLIE COUNTY
FORMER SHERIFF FORD BOWLING
CUMMULATIVE DEFICIT STATEMENT

Former Sheriff Ford Bowling Has A Cumulative Deficit of \$148,592 In His Property Tax Account

Based upon an examination of available records, Former Leslie County Sheriff Ford Bowling has a cumulative deficit of \$148,592 in his property tax account as of January 8, 1999. The cumulative deficit includes deficits of current and prior years, which were reported in the former Sheriff's audits for 1985, 1986, 1987, 1989, 1990, 1991, 1992, 1993, 1994 and 1995 tax years and which have never been fully repaid. The following schedule summarizes the Sheriff's cumulative deficit in his property tax account.

Assets

Cash in Bank		\$	303
Receivables:			
1996 Taxes-			
State Overpayment	\$	629	
County Overpayment		109	
Library Overpayment		46	
Commissions Due Back From Fee Account		4,591	
1995 Taxes-			
School District Overpayment		52	
1994 Taxes-			
County Overpayment		127	
1992 Taxes-			
State Overpayment		3,212	
1991 Taxes-			
County Overpayment		171	
1990 Taxes-			
Forestry District Overpayment		111	
City of Hyden Overpayment		13	
1987 Taxes-			
Health District Overpayment		166	
Forestry District Overpayment		11	
1991 Interest-			
School District Overpayment		485	
Fee Account Overpayment		2,395	12,118
			<hr/>
Total Assets		\$	<u>12,421</u>

LESLIE COUNTY
 FORMER SHERIFF FORD BOWLING
 CUMMULATIVE DEFICIT STATEMENT
 (Continued)

Liabilities

Outstanding Checks		\$	309
Unpaid Obligations-			
1996 Taxes-			
School District	\$	720	
Extension District		40	
Soil Conservation District		23	783
1994 Taxes-			
State	\$	35	
Forestry District		109	
School District		8,600	
Library District		1,319	
Health District		846	
Extension District		1,524	
Soil Conservation District		173	
City of Hyden		324	12,930
1993 Taxes-			
State	\$	3,185	
County		1,959	
Garbage District		864	
School District		3,439	
Library District		639	
Health District		502	
Extension District		596	
Soil Conservation District		91	11,275
1992 Taxes-			
County	\$	2,231	
Garbage District		1,666	
School District		6,644	
Library District		915	
Health District		545	
Extension District		648	
Soil Conservation District		422	
City of Hyden		236	13,307
1991 Taxes-			
Garbage District	\$	2,750	
School District		1,896	
Library District		2,158	
Health District		247	
Extension District		246	
Soil Conservation District		293	
City of Hyden		185	7,775

LESLIE COUNTY
 FORMER SHERIFF FORD BOWLING
 CUMMULATIVE DEFICIT STATEMENT
 (Continued)

Liabilities (Continued)

1990 Taxes-			
County	\$	3,343	
Garbage District		1,733	
School District		7,497	
Library District		1,397	
Health District		946	
Extension District		986	
Soil Conservation District		185	\$ 16,087
1987 Taxes-			
County	\$	1,477	
Garbage District		582	
School District		12,327	
Library District		1,409	
Extension District		2,196	
Soil Conservation District		1,148	
City of Hyden		274	19,413
1986 Taxes-			
School District	\$	2,000	
Extension District		802	2,802
1985 Taxes-			
School District			16,990

Other Unpaid Obligations:

Interest Due School For Tax Years-			
1996	\$	1,528	
1995		1,305	
1994		2,244	
1993		2,277	
1992		1,498	
1990		2,059	
1988		1,707	
1987		430	13,048
Interest Due Fee Account For Tax Years-			
1996		2,375	
1995		2,180	
1994		3,600	
1993		3,944	
1992		2,527	
1990		3,497	
1988		3,850	21,973

LESLIE COUNTY
 FORMER SHERIFF FORD BOWLING
 CUMMULATIVE DEFICIT STATEMENT
 (Continued)

Liabilities (Continued)

Other Unpaid Obligations: (Continued)

Advertising Costs Due County For Tax Years-

1996	\$	480	
1995		642	
1994		225	
1993		225	
1992		198	
1991		468	
1990		336	
1988		252	
1987		258	
1986		186	
1985		514	\$ 3,784

Sheriff's Fees Due Fee Account For Tax Years-

1996		160	
1995		214	
1994		75	
1993		75	
1992		66	
1991		156	
1990		112	
1988		85	943

Tax Commissions Due Fee Account For Tax Years-

1995		545	
1994		10,308	
1993		1,744	
1992		1,139	
1991		2,931	
1990		1,792	
1988		1,135	19,594

Total Liabilities and Outstanding Checks

\$ 161,013

Total Deficit

\$ (148,592)

LESLIE COUNTY
FORMER SHERIFF FORD BOWLING
CUMMULATIVE DEFICIT STATEMENT
(Continued)

We recommend former Sheriff Ford Bowling deposit personal funds of \$148,592 to his property tax account in order to eliminate the \$148,592 cumulative deficit. In addition, we recommend that former Sheriff Ford Bowling settle with taxing districts for all property taxes owed and refunds due as reflected in the above schedule. This matter has been referred to the Attorney General's office and the Kentucky State Police for further action as warranted.

We note the fiscal court's responsibility under KRS 64.820(2) to collect amounts due the county from the former sheriff. In the event the fiscal court cannot collect the amount due from the former sheriff without suit, the fiscal court is required to then direct the county attorney to institute suit for collection of the amount reported by the auditor or certified public accountant to be due the county within ninety days from the date of receiving the auditor's or certified accountant's report.

On February 28, 1996, a civil action was filed by the Leslie County Fiscal Court against former Leslie County Sheriff Ford Bowling. The civil action asks for a judgement that the appropriate amount of tax money, advertising costs, interest and fees due and owing be paid to each taxing district and that the excess fees due Leslie County Fiscal Court be paid to the fiscal court. Since that time, our audits have revealed additional amounts due. We recommend the Leslie County Fiscal Court take action to resolve additional deficits as reported in our audits.

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FORMER SHERIFF FORD BOWLING

SCHEDULE OF UNMINED COAL REFUNDS AND TAXES OWED

APPENDIX B

LESLIE COUNTY
FORMER SHERIFF FORD BOWLING
SCHEDULE OF UNMINED COAL REFUNDS AND TAXES OWED

Former Sheriff Ford Bowling Should Settle With Taxing Districts For All Unmined Coal Taxes Owed And Refunds Due

Former Sheriff Ford Bowling maintained a separate bank account to deposit and disburse his unmined coal tax transactions. It was determined that the Sheriff owes or is due refunds from the following districts for 1989, 1990, 1991, 1992, 1993, 1994, 1995, and 1996 unmined coal taxes:

<u>District</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
State	\$	\$	\$ 298	\$	\$
County	2,384	54		(253)	(501)
School District	1,441	27		(724)	(1,357)
Garbage District	1,382	142		(121)	(241)
Library District	26	16		(76)	(155)
Health District	138	14		(63)	(127)
Extension District	153	15		(74)	(146)
Soil Conservation District	34	3		(12)	(25)
Totals	<u>\$ 5,558</u>	<u>\$ 271</u>	<u>\$ 298</u>	<u>\$ (1,323)</u>	<u>\$ (2,552)</u>

<u>District</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>Totals</u>
State	\$	\$ (382)	\$ 139	\$ 55
County		(1)	346	2,029
School District	(135)	(3)	42	(709)
Garbage District			68	1,230
Library District			42	(147)
Health District			36	(2)
Extension District			40	(12)
Soil Conservation District			8	8
Totals	<u>\$ (135)</u>	<u>\$ (386)</u>	<u>\$ 721</u>	<u>\$ 2,452</u>

The cumulative total of unmined coal taxes for these years is \$2,452. We recommend the former Sheriff pay total amounts due the taxing districts and obtain refunds due. If the recommended settlements are not made, we recommend the taxing districts pursue legal recourse to collect from the Sheriff all amounts due as determined by our audits.

LESLIE COUNTY
FORMER SHERIFF FORD BOWLING
SCHEDULE OF UNMINED COAL REFUNDS AND TAXES OWED
(Continued)

We note the fiscal court's responsibility under KRS 64.820(2) to collect amounts due the county from the former sheriff. In the event the fiscal court cannot collect the amount due from the former sheriff without suit, the fiscal court is required to then direct the county attorney to institute suit for collection of the amount reported by the auditor or certified public accountant to be due the county within ninety days from the date of receiving the auditor's or certified accountant's report

On February 28, 1996, a civil action was filed by the Leslie County Fiscal Court against former Leslie County Sheriff Ford Bowling. The civil action asks for a judgement that the appropriate amount of tax money, advertising costs, interest and fees due and owing be paid to each taxing district and that the excess fees due Leslie County Fiscal Court be paid to the fiscal court. Since that time, our audits have revealed additional amounts due. We recommend the Leslie County Fiscal Court take action to resolve additional deficits as reported in our audits.

FORMER SHERIFF FORD BOWLING
CRIMINAL INDICTMENT AND CIVIL ACTION
APPENDIX C

LESLIE COUNTY
FORMER SHERIFF FORD BOWLING
CRIMINAL INDICTMENT AND CIVIL ACTION

On October 4, 1995, a three count indictment (95-CR-00056) was returned by the Leslie County Grand Jury charging former Sheriff Ford Bowling with failing to properly account for and disburse tax money collected by his office. The indictment was dismissed without prejudice on January 26, 1998. On February 28, 1996, a civil action (96-CI-00043) was filed by the Leslie County Fiscal Court and other taxing districts against former Sheriff Ford Bowling and his bonding companies. The civil action asks for a judgment that the appropriate amount of tax money, advertising costs, and interest and fees due and owing be paid to each taxing district and that excess fees due Leslie County Fiscal Court be paid. No court date had been set at the time of this audit.

